



Date: 14th June 2018

Report by: I-VMS Project Board

Inshore Vessel Monitoring System - EMFF Control Funded Project Update

Purpose of report

The purpose of this paper is to update project partners of the status of the joint IFCA / MMO project to roll-out inshore Vessel Monitoring System devices (I-VMS) to the <12m commercial fishing fleet.

Background

Vessel Monitoring Systems (VMS) are required to be fitted and operated on all licensed fishing vessels >12m and over in overall length. These units have a two-hourly reporting rate and communicate via satellite telephony, which reflects the fact that such vessels primarily work offshore.

In December 2012 Defra asked the MMO to lead a project to co-ordinate the development of I-VMS as a potential management solution for inshore fisheries and Marine Protected Areas (MPAs). The project was developed in partnership with the ten IFCAs and its scope included achieving type approved devices for installation on <12m overall length licensed fishing vessels and exploring funding opportunities to achieve the same.

In August 2016 devices from three suppliers achieved 'type approved' status for their I-VMS units, namely AST, Succorfish and Marine Instruments. All three devices communicate via mobile telephony (GSM/GPRS).

Also, in 2016 funding for the roll-out of I-VMS to all licensed fishing vessels <12m in length under the EMFF control fund was agreed. Work to progress this was led by the IFCAs via the Chief Officers Group (COG) and the National Inshore Marine Enforcement Group (NIMEG). As part of this work COG agreed that a national approach to regulation was preferable and representations were made to Defra to consider this.

In 2017 a joint IFCA/MMO project was formally established to manage the roll-out of I-VMS units under EMFF funding. The Senior Responsible Owner (SRO) for the project is the CEO of Eastern IFCA and the project is operating to PRINCE2 project management methodology. Both IFCAs and the MMO are well represented on the Project Board in various formal roles.

The project is currently developing three pathfinder sites as a means of moving forward and developing protocols and processes to facilitate the wider roll-out of I-VMS. The pathfinder sites are Devon & Severn IFCA for mobile gears, Eastern IFCA for fisheries in the Wash and Southern and Eastern IFCAs for small-scale trials of I-VMS units fitted to smaller fishing vessels without a power source in the clam and cockle fishery in Poole Harbour and the crab and lobster fishery in North Norfolk.

Plans to roll out I-VMS to the rest of the country are under development and are based upon dividing the fleet by vessel length. Because of the complexity involved, particularly regarding the number of vessels (circa 2,700), IFCA districts are being used as a means of administering the roll-out. The intention is that each IFCA will be the applicant for EMFF funds for vessels whose home port is within their district.

EMFF control fund rules provide that applications can only be re-claimed retrospectively, which means that IFCAs will be required to pay the full cost for the installation of I-VMS units and then claim the cost from EMFF funds. Only 90% of the cost can be re-claimed with the remaining 10% required to be paid from public funds. In anticipation of this Defra agreed to fund the remaining 10% and have lodged what is estimated to be the requisite amount (£351k) with Eastern IFCA for subsequent distribution between the IFCAs.

Alongside the EMFF project there is a Defra led workstream to introduce regulation via a Statutory Instrument (SI) to mandate the fitting and use of I-VMS to all licensed fishing vessels <12m overall length. The likely reporting rate is anticipated to be more frequent than VMS, possibly every minute based upon the nature of inshore fisheries and marine protected areas. This work, which has Ministerial support, is at an advanced stage and subject to government approval it is intended to go for public consultation during the summer of 2018.

The proposed national regulation for I-VMS will apply only to <12m vessels wherever they are operating. This means that >12m vessels will operate on a two-hourly reporting rate, even within inshore waters. It is recognised that this will create an inconsistency in the regulatory framework, but it is not possible to amend the national SI at this stage because to do so would carry significant risk of the workstream being discontinued due to other commitments as EU exit approaches.

The agreed solution to address the reporting rates for >12m vessels operating inshore is for the MMO to draft a 'boilerplate' byelaw for each IFCA to implement. The byelaws will replicate the requirements of the SI to make them applicable to >12m vessels.

It should be noted that VMS units can provide I-VMS functionality since they can provide more frequent reporting rates and communicate via mobile telephony when inshore. In addition, both devices utilise the American GPS system and the Russian Glonass system and as such are unaffected by the current debate over the EU Galileo system and the continued participation of the UK following EU exit.

Report

During January 2018 it became apparent that expectations on the part that IFCA's would play in the EMFF funded project were growing. Recognising that this represented a risk to the delivery of the project the SRO raised it as a project risk, which resulted in a teleconference with senior representatives from the control fund Programme Board. It was agreed that whilst there is a key role to be played by IFCA's, most of work should be done centrally and that EMFF funding should be utilised to secure additional resources. Recruitment has now taken place and two Project Coordinators recently started work on the project.

Notwithstanding this, the project is a joint IFCA/MMO workstream and it cannot be undertaken without some input from each IFCA. The agreed approach seeks to minimise the functions that IFCA are required to undertake and to provide support for those functions that cannot be completed fully by the project team.

During May 2018 the project were notified that Marine Instruments no longer wish to participate so the two remaining suppliers are Succourfish and AST. Both suppliers are well engaged with the project.

The approach to funding is for each IFCA to apply for EMFF funding by the end of June 2018 for all registered fishing vessels whose home port is within their district. It should be noted that this is the port from which the vessel operates as opposed to the port of registration. For a small number of vessels, the home port is unknown or not fixed so for the purposes of the applications the port of registry will be applied in these circumstances. The regulation (SI) will apply to all licensed fishing vessels and the project will only fund I-VMS devices for those vessels because they are currently active. The number of registered vessels is circa 2,669 and the number of licensed vessels is circa 2,260. In addition, it is intended to install I-VMS devices on most IFCA vessels in support of national work to co-ordinate public sector maritime activity around the coast. Details of vessel numbers can be found at Appendix A. It should be noted that the 10% of the cost to be paid from public funds will fall to individual IFCA's for their patrol vessels.

The importance of submitting applications by the end of June 2018 is that this will enable a funding guarantee to be obtained from HM Treasury to address the fact that EMFF is an EU funding stream that will be discontinued following the exit of the UK from the EU. A completed EMFF application template, including vessel numbers, has been provided to each IFCA for them to copy and paste onto the online application system.

Whilst a detailed roll-out plan is still to be developed in conjunction with suppliers it is currently anticipated that there will be three tranches over the next three years:

Tranche 1 (2018-19) - 9m to 11.99m vessel length (circa 765 vessels)

Tranche 2 (2019-20) - 6m to 8,99m vessel length (circa 849 vessels)

Tranche 3 (2020-21) - <6m vessel length (circa 649 vessels)

Whilst both suppliers have solutions for smaller vessels without an independent power source these have not been properly tested and their suitability cannot be confirmed at this stage. To address this the Southern and Eastern pathfinder will trial devices in the more benign environment of Poole Harbour and in the more challenging environment in the southern North Sea. In addition, the project is engaging with the two suppliers to seek further development of suitable solutions for smaller vessels.

A key element that will fall to IFCAs is the requirement to fund the *full cost* of procurement and installation in advance and to re-claim retrospectively. With a cost of £1,314 per I-VMS unit plus £150 for installation, individual IFCAs can profile expenditure for each tranche based upon the number of vessels whose home port is within their District (Appendices A and B refer).

The following are activities that will require input from each IFCA:

Appoint I-VMS Liaison Officer – single point of contact with the nominated Project Co-ordinator to facilitate all project activities required of the IFCA.

Appoint Process/Finance Approval Officer – Responsible for signing off agreed processes, finance artefacts, complete EMFF reimbursement and project related documentation on behalf of individual IFCAs. May be the same person as the Liaison Officer.

Submission of EMFF Funding Application – Templates and required details will be provided by the project team so completion and submission of applications by individual IFCAs should be a relatively straightforward exercise.

Storage Facilities for Devices – Security of devices awaiting installation and from missed appointments is important. It is thought likely that installers will be able to undertake this function, but it is possible that there may also be some facilitation or storage provision required from IFCAs.

Review and Sign off I-VMS Support Contract – It will be necessary to have a support arrangement in place with suppliers which isn't straightforward because there is no formal contract with suppliers. Options are being discussed with the MMO procurement team and it is likely that a support arrangement will be required for which a cost will be attached.

Introduce 'boilerplate' byelaw for >12m vessels – Required to mandate consistent 'ping rates' within IFCA districts.

To effectively co-ordinate the work of the project a Project Delivery Group has recently been established. The group comprises representatives from each IFCA and the MMO and is chaired by the Project Manager. To help with planning the deployment, device suppliers and

installation companies have been invited to join the group. The Project Board oversees the work of the Delivery Group and is the ultimate decision-making forum.

Work on the proposed SI is currently being finalised by Defra before going to the Minister for agreement to go to consultation. Current proposals are, subject to public consultation, for the inclusion of all licensed fishing vessels <12m overall length, 1-minute reporting rates and for the regulation to apply immediately upon introduction of the SI, which could be during 2018.

The objective of the project is to provide vessel owners with a single opportunity to have an I-VMS device supplied and fitted free of charge in the context of potential regulation that will mandate such devices. Should the SI be introduced and apply immediately a Compliance Direction will be developed by the MMO and IFCAs that will mean that those vessels that have not yet had their opportunity to have a device fitted will not be liable to enforcement action. Vessel owners will be invited to agree a fitting date and once this has passed they will become liable for enforcement action should they fail to have the device fitted.

It should be noted that EMFF control funds can be applied to matters that are mandated by legislation, which is not the case for the EMFF core fund. As such funding I-VMS devices that are required under an SI is permissible.

Project Risks

The introduction of I-VMS on all licensed fishing vessels in England is a complex project and as such there are inevitably associated risks. These are mitigated through the structure and processes of the project, including risk and issues registers, in line with PRINCE 2 project management methodology. The project sits under a wider Control Capability Programme within the MMO, which provides a further layer of checks and balances that help to mitigate project risks

The nature of the project in involving both MMO and IFCAs requires all parties to sign up fully to the project and to undertake those tasks allocated to them promptly and efficiently. It is the case that some IFCAs are concerned about their role and the Chief Officers Group (COG) posed a series of questions for the project to answer. A detailed response was provided and informed discussion at a COG meeting held on 18th April 2018. This has informed papers that are being taken to Authority quarterly meetings.

A key risk for consideration by IFCAs is that as the applicants for EMFF funds they are technically the owners of the equipment and the Terms and Conditions of Grant would apply to them. To address this the EMFF funding team had agreed that an agreement be drawn up that will transfer ownership of the units and responsibility for compliance with the Terms and Conditions of Grant to vessel owners following installation of the equipment.

Concern amongst IFCAs that it may not be possible to transfer the terms and conditions of grant and issues associated with ongoing liability for devices over which they have no direct control were discussed at the Association of IFCAs meeting on 5th June 2018. Of particular concern was the potential for a requirement to repay EMFF grant money if the Terms and Conditions of grant were not complied with. It was agreed that it was necessary to apply due

diligence and to properly understand the implications for IFCA's before the project could proceed. It was also agreed that independent advice should be sought if required.

At an urgent Project Board meeting held on Friday 8th June 2018 an action was assigned for the project / programme team to engage with the MMO EMFF and Legal teams to review the situation and this work is ongoing. An interim update has indicated the following:

- Transfer of ownership of I-VMS devices to a vessel owner/skipper is acceptable.
- Some elements of the grant T&Cs are also transferable. All 40 elements of the T&Cs will be reviewed to confirm and agree the transferable ones.
- I-VMS can be considered a consumable product so the 5 years durability requirement in the T&Cs might not apply.
- EMFF fund withdrawal or an EU Commission's request for funds already paid out to be re-paid rarely happens and most conditions that might lead to this do not affect the I-VMS project.
- To cater for the unlikely event that funds are withdrawn or recalled a request will be made to Defra to underwrite this.

It should be noted that this is still work in progress and the update is an indication only and will need to be confirmed in detail before it can be acted upon.

Financial Implications

Whilst the funding model for the project requires each IFCA to pay for units in advance, there will ultimately be full cost recovery from EMFF funds and the finance from Defra for the 10% not covered by EMFF.

The EMFF funding allocated to the project currently has a shortfall of circa £600k due primarily to pricing estimates being used when EMFF control funds were initially being allocated. The CCP Programme Board have declined to allocate the additional funds until the outcome of the public consultation on the SI is known. If it still includes smaller (<6m) vessels it has been indicated that funds will be allocated.

As with any project there is a risk that more could be expended during the lifetime of the project than is currently budgeted for due to changing circumstances. Whilst this is judged to be a low likelihood it should be noted that there is the potential for some of the cost to fall to IFCA's. The contingency plan would be to seek additional EMFF funding for the permitted 90% and to request that Defra cover the remaining 10%. If Defra were unable to do so then, as an illustration, for an over-spend of £100k that would be covered by additional EMFF funds, the amount to be paid from public funds would be £10k and an option may be for this to be shared between the ten IFCA's.

It is relevant to note that EMFF applications will be for all registered vessels, but the funding will apply to all licensed vessels. The reason for this is that during the lifetime of the project the numbers of registered vessels that have licenses may change so it is important to cater for this. A useful by-product of this approach is that it is likely that not all funds originally applied for will be expended, thus creating some level of reserve (assuming that full allocation is made from EMFF by the Programme Board).

Because EMFF is an EU funding stream, EU exit introduces a financial risk because it will occur during the lifetime of the project. This risk is mitigated because HM Treasury have

agreed to underwrite the project. However, to secure this guarantee applications must be submitted by the end of June 2018. IFCAs have been asked to submit their applications in all cases, including those that won't have full agreement from their Authority at that point, on the basis that an application does not mean that there is any obligation to proceed with the project.

There is a theoretical risk that an application for re-imburement of funds from EMFF following the supply and fitting of an I-VMS device could be declined. The EMFF team have advised that generally, if the claim is rejected it would only be if the applicant is at fault and the applicant is therefore accountable. In the case of I-VMS devices IFCAs are the applicant but orders will not be placed unless individual fishermen have engaged fully with the process and chosen their preferred device. If a fisherman subsequently decides not to have the equipment fitted the claim would still be honoured as the device can be utilised elsewhere.

The EMFF team have agreed to a process for dealing with the re-claim of funding from IFCAs (updated process map at Appendix C). It is anticipated that the re-claim time will be eight weeks, but they are seeking to reduce this to four weeks. It will be a matter for individual IFCAs to identify appropriate funds to utilise and to work with the project to profile spending to meet their circumstances.

There will be costs (officer time and advertising) associated with introducing a byelaw to require >12m vessels to comply with increased reporting rates when within IFCA districts. It is intended to mitigate this by utilising a 'boiler-plate' byelaw that will be drafted by the MMO and to work with other IFCAs to share an Impact Assessment and advertising costs.

Project Benefits

The introduction of I-VMS has the potential to transform inshore fisheries and conservation management. Some specific benefits will include:

- Accurate spatial and temporal information on fishing effort to provide an evidence base for a responsive and effective fisheries management regime;
- Finer scale management to assist in maximising fishing opportunities, such as zoned management within Marine Protected Areas (MPAs);
- Accurate information of catch locations which may improve consumer confidence when purchasing local fish;
- Information on important fishing grounds which will inform future planning and development proposals;
- Enable fishermen to demonstrate track record; and
- Ability to prove that the UK is taking appropriate steps to fish more sustainably and as a result the industry can market it as such.

This improved level of data will inform government and regulators on several key areas to managing fisheries in a more fair and efficient way including:

- Provide intelligence in terms of risk based targeted inspections;
- Assist in the management of MPAs; and
- Provide valuable data that will assist in making future policy, planning, regulation and enforcement decisions more effective and proportionate.

Appendices

Appendix A – I-VMS Project Vessel Numbers

Appendix B - <12m Licensed Fishing Vessels by IFCA

Appendix C - EMFF Claims Process Map

Appendix A

I-VMS Project Vessel Numbers

| Based on Home port information (FEB 2018) | | Registered (Feb2018) | Licenced (Feb2018) | Registered vessels with unknown home ports (therefore assigned to admin port). | Patrol vessels | EMFF Application (Registered + registered with unknown home port + Patrol vessel) |
|-------------------------------------------|-------------|----------------------|--------------------|--------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------|
| District | | | | | | |
| Cornwall IFCA | 545 | 501 | 1 | 2 | 548 | |
| Devon and Severn IFCA | 490 | 422 | 86 | 1 | 577 | |
| Eastern IFCA | 191 | 179 | 3 | 4 | 198 | |
| Isles of Scilly IFCA* | 22 | 22 | 0 | 1 | 23 | |
| Kent and Essex IFCA | 184 | 170 | 0 | 4 | 188 | |
| North Eastern IFCA | 200 | 171 | 10 | | 210 | |
| North West IFCA | 95 | 92 | 16 | | 111 | |
| Northumberland IFCA | 144 | 121 | 34 | 2 | 180 | |
| Southern IFCA | 350 | 316 | 0 | 4 | 354 | |
| Sussex IFCA | 292 | 266 | 6 | 2 | 300 | |
| Grand Total | 2513 | 2260 | 156 | 20 | 2689 | |

Appendix B

<12m Licensed Fishing Vessels by IFCA

| IFCA | Under 6m | 6m to 8.99m | 9m to 11.99m | Grand Total | Licensed port of registration* |
|----------------|------------|-------------|--------------|-------------|--------------------------------|
| Cornwall | 239 | 167 | 95 | 501 | 0 |
| Devon & Severn | 182 | 140 | 100 | 422 | 15 |
| Eastern | 40 | 74 | 65 | 179 | 2 |
| Kent & Essex | 35 | 58 | 77 | 170 | 0 |
| Isle of Scilly | 9 | 11 | 2 | 22 | 0 |
| North East | 21 | 65 | 85 | 171 | 9 |
| Northumberland | 20 | 38 | 63 | 121 | 31 |
| North West | 33 | 33 | 26 | 92 | 7 |
| Southern | 96 | 162 | 58 | 316 | 0 |
| Sussex | 90 | 101 | 75 | 266 | 0 |
| Totals | 765 | 849 | 646 | 2260 | 64 |

* Of the vessels with unknown home port (therefore assigned admin port) shown at Appendix A, this is the number that are currently licensed and would have devices fitted (vessel length to be confirmed).

Appendix C



